

R.J. REYNOLDS

Tobacco Company

September 13, 1996

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To: B.J. Roth

Subject: **SF2000 Presentation**

Dear Bill:

Enclosed please find a hard copy of my presentation that you requested.

If you have any questions, please call.

Sincerely,

Dave

D.W. Keeney/KAM

DWK/jb

Enc.

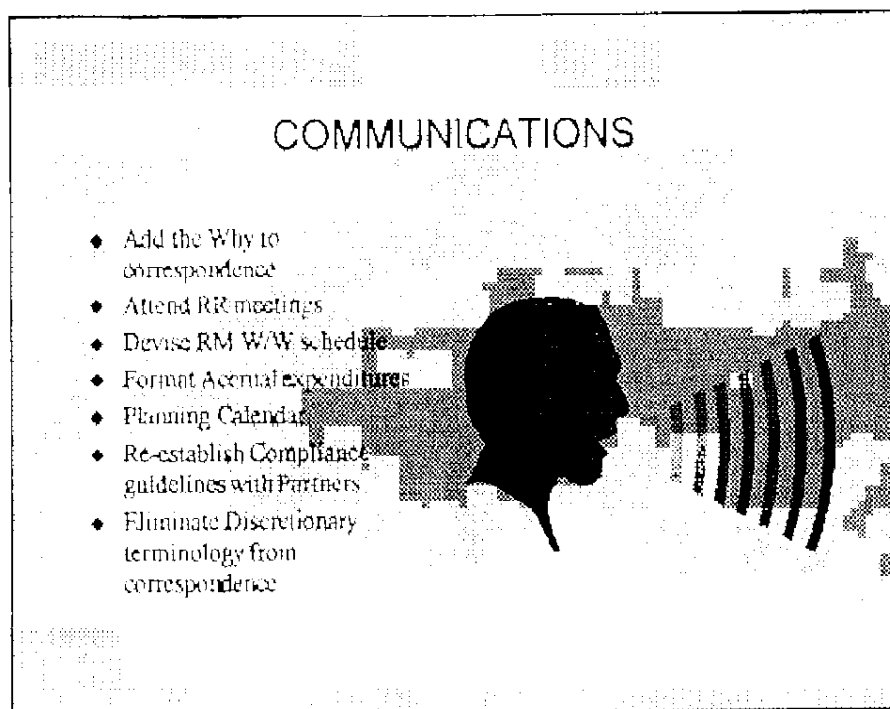
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AM/KAM POSITION DEVELOPMENT OPPORTUNITIES

- ◆ Communication is not clear and concise or its overbearing.
 - Need to be interactive with RM and RR's
 - Lack of follow through by RR/RM
 - Feeling that chains get second hand treatment
- ◆ Require more from Chains and Direct accounts
 - Difficulties with Chains that authorize to present at "Managers Discretion" rather than forcing from headquarters.
 - Need to work with Partners to get them to do more to decrease RR workload. Too many accounts to penetrate. (GAP, Instill, Aerial)
- ◆ Time spent selling programs is less than 50%.
- ◆ Direct Accounts:
 - Proper Analysis of Programs and Direct account brands.

These are the four burger dots that our team came up with, that are focused on moving forward in the SF2000 structure.

Read each burger dot explaining the merge of several of the previous pages key points.



Add the why to correspondence

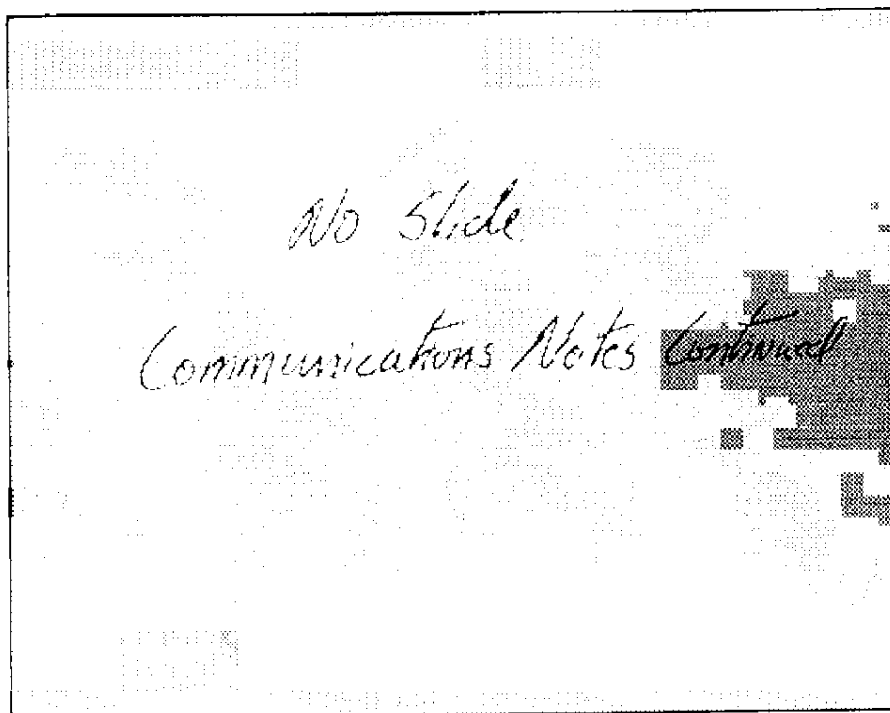
When appropriate, this would be beneficial in giving a sense of ownership to the RR and will help abolish the sense that there is a lack of follow through. In many cases there is a confidentiality issue that must be imparted within the communication. A better understanding of what we are trying to accomplish should improve the execution of the task at hand.

Attend RR meetings.(Quarterly)

Demonstrate the why by reviewing Chain status and proposed action plans based on business drivers for each account. Share the obstacles that you face as well as sharing the positive outcomes based on the work that they do. Solicit input from RR and RM on what can be done better. I attended Syracuse meeting and communication has improved.

Devise RM W/W schedule (Quarterly)

Evaluate programs, Frequency of contact, merchandising. Plan well in advance. Have specific routing and objectives in place. Look at some stores that may not have frequency. Quantity is important. RM will also benefit in the form of A/A or T/A.



Format Accrual Expenditures

Designate months into the Region Work Plan that would initiate Accrual spending vs. end of the year scramble. Include this time period into Chain planning Calander. Work programs that follow our strategy tree vs. purely offensive spending to utilize funds.

Show Planning Calander

Planning Calander

Excellent tool for pre planning for both RJR personnel and for chain. Allows ROU to be aware of allocations that need adjustment, cuts down on correspondence to the field, improves communication all around.

Re-establish compliance guidelines with Partners

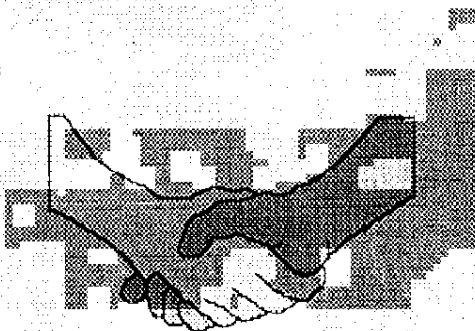
Attempt to bring ownership of all category programs down to the store level. Attend supervisory meetings. Add cigarette displays to chain inspection programs. Utilize POG program. Review compliance ongoing to ensure understanding and that we are serious. Report what you see both good and bad. PM uses a form. Do we want to?

Eliminate discretionary terminology from correspondence.

When chain authorizes a program, determine which stores are not included or, if not possible, let manager refuse and handle accordingly.

REQUIRE MORE FROM CHAINS AND DIRECT ACCOUNTS

- Chain supplied POS
- Installation of PDI / Display's
- POS Rollover's
- Chain/Store level
stickering/couponing
- Mandatory Force Outs
- Jobber Stickering



Need for Sales Negotiation Training

Perceived Value applies to this sheet. When positioned correctly, we don't know what we can get until we ask.

Chain supplied POS

In the case of large chain buy down or scan program, expect advertising to be manufactured by chain to smoothly implement program and eliminate RR routing confusion. Utilize Co-Marketing if necessary.
P&C/Kinney

Installation of PDI / Displays

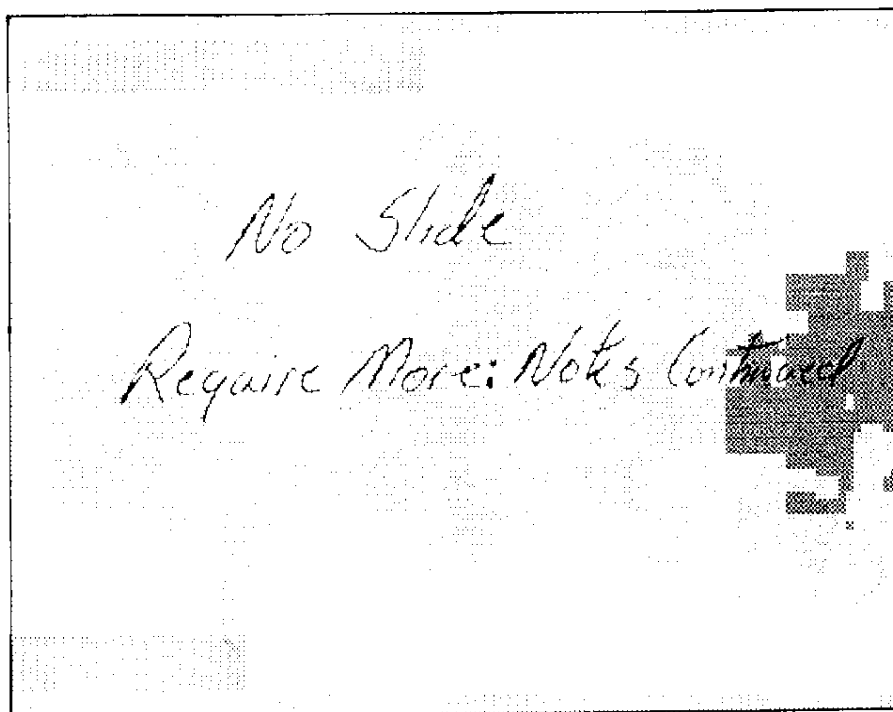
What is it worth to us to have this completed for us? What is it worth to the chain to complete this task? Perceived value. Is it additional Promotional Value? Express Mart

POS Rollover

PM gets it done! Negotiation!

Chain / Store level stickering/couponing

For Co-Marketing / GAP, utilize non-coupon coupons and pay for what is redeemed. Convenience Express/ Flemming Oil



Mandatory Force outs

In conjunction with any program that does not involve packing of promotion at direct level, (buy-down or store assembly) we can not rely on store inventory. The object of promotion is above and beyond the normal.

Jobber Stickering

Need to expand program

Need to Regionalize program to include guidelines relative to time frame, brands, form, reimbursement, boundaries, quantities
SKU management is most difficult thing at jobber level. The larger the jobber the more difficult it is to administer off invoice
Slotting/different values/space/mistakes in invoicing.


Need to enforce no return policy.

Too many accounts to penetrate

The goal of getting our partners to do more for us will alleviate much of the RR burden. This will allow for additional penetration. Communication is also key between chain and division management to ensure proper frequency of contact is achieved. This is a good topic for RM w/w.

**TIME SPENT SELLING PROGRAMS IS
LESS THAN 50%**

- ◆ Not a bad measure of success
- ◆ As Communication and leveraging of Partners improves additional benefits will be realized.

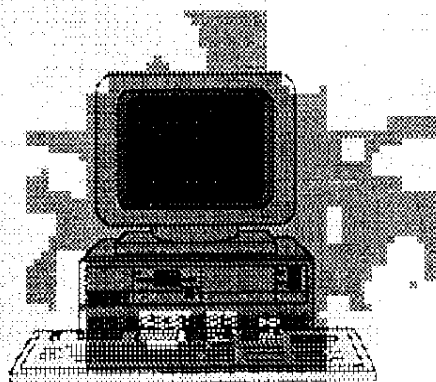
A black and white illustration of a person sitting at a desk, facing away from the viewer. They are wearing a light-colored shirt and dark trousers. They are holding a telephone receiver to their ear with their right hand and have their left hand on a keyboard. On the desk is a CRT computer monitor and a printer. The background is a simple, stylized representation of an office environment with some rectangular shapes.

Time spent selling programs is less than 50%.

The objective of any program that we sell is mutual benefit. By growing RJR SOM, the retailer/direct account will also benefit. The key to any program is evaluation of its impact. More time should be spent on this process. Feedback to accounts is essential in the evaluation process. We have the tools necessary to truly evaluate our goal of growing SOM.

DIRECT ACCOUNTS

- ◆ Partners Analysis
- ◆ Quarterly/Semi-Annual WPA
- ◆ KAM/AM support of DM's/SR's with Direct/Chain accountability



Show PTRK

Partners Analysis

Utilization of P-Trac has been simplified and is being used on a monthly basis. In referencing FSC 149-A 8/28/96, we must ensure that this practice is achieved to avoid Trade Loading at the end of a program period. Trade Loading does not give us an accurate read of our business and is not a win win enviroment.

Show WPA

Quarterly WPA

This is another good tracking tool that should be used as a quarterly/semi-annual tool in the form of a business review. Very labor intensive and requires imput relative to all companies programs and performance. If completed in its entirety, it will demonstrate RJR as the true category advisor.

DM's/SR's with Direct/Chain accountability

Assign AM/KAM to each division with accountability.

Recommend one on one training and possibly first presentation.